

**PUBLIC DISCLOSURE**

April 7, 2000

**COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**LOWELL CO-OPERATIVE BANK**

18 HURD STREET  
LOWELL, MA 01852

DIVISION OF BANKS  
ONE SOUTH STATION  
BOSTON, MA 02110

<p><b>NOTE:</b> This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion or opinion of the Division of Banks concerning the safety and soundness of this financial institution.</p>
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## GENERAL INFORMATION

The Community Reinvestment Act (CRA) requires the Division of Banks (Division) to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the needs of its entire assessment area, including low and moderate-income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the Division must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the Community Reinvestment Act (CRA) performance of **LOWELL CO-OPERATIVE BANK** prepared by the Massachusetts Division of Banks, the institution's supervisory agency.

### **INSTITUTION'S CRA RATING: This institution is rated "Satisfactory"**

The overall CRA rating of Satisfactory is based on the level of performance in the five performance criteria of the small institution examination procedures: Loan-to-Deposit Ratio, Lending in Assessment Area, Lending to Borrowers of Different Incomes, Geographic Distribution of Loans, and Fair Lending.

The bank's average net loan to deposit ratio over the past two years is 92.0 percent. Based on the bank's capacity to lend and in comparison to the lending performance of other similarly sized and situated institutions, this ratio is considered to exceed the standards of satisfactory performance.

Lending within the assessment area is considered to meet the standards for satisfactory performance. In 1998 and 1999, Lowell Cooperative Bank originated 223 HMDA-reportable loans. Of those loans, 130 or 58.3 percent were granted within its assessment area.

In 1998 and 1999, Lowell Co-operative Bank extended 45.4 percent of its loans to low and moderate-income borrowers within the assessment area. When compared to the aggregate for the calendar year 1998, the bank's performance level exceeds that of the aggregate. This level of performance demonstrates the bank's willingness to lend to borrowers of all income levels, particularly those of low and moderate-income. Therefore, the distribution of credit among different income levels exceeds the standards for satisfactory performance.

An analysis of the geographic distribution of loans revealed that the bank extended 20.8 percent of its loans within low and moderate-income census tracts. When compared to the performance level of the aggregate in calendar year 1998, the bank's levels were slightly below the aggregate. The bank was considered to meet the standards for satisfactory performance for this criterion.

Fair Lending performance is also considered to meet the standards of satisfactory performance.

### **PERFORMANCE CONTEXT**

## Description of Institution

Lowell Co-operative Bank is a mutually owned institution, chartered by the state in 1885. As of December 31, 1999, the bank had approximately \$58 million in assets, \$47 million of which are in the form of loans. The bank currently operates one retail banking office, which is located at 18 Hurd Street in downtown Lowell. The bank's branch hours are Monday and Tuesday 9:00 a.m. to 3:00 p.m.; Wednesday 9:00 a.m. to noon; Thursday 9:00 a.m. to 6:00 p.m.; Friday 9:00 a.m. to 4:00 p.m.; and Saturday 9:00 a.m. to noon. The bank does not offer any Automated Teller Machines (ATM's), although they do offer ATM cards that can be used at NYCE and Cirrus networks. The bank offers a variety of loan products including first mortgage loans, adjustable rate first mortgage loans, home improvement loans, personal loans, new and used auto loans, interest only passbook loans and term passbook loans.

The following table details the bank's loan portfolio as a percent of gross loans. This information was obtained from the Call Report as of December 31, 1999.

Loan Portfolio as of December 31, 1999		
Type of Loans	\$ (000s)	%
Construction & Land Development	\$4,750	10.1%
Residential Real Estate		
- 1-4 Family Mortgages	\$35,673	76.0%
Multifamily	\$1,483	3.2%
Commercial Loans		
- Commercial Real Estate	\$2,683	5.7%
Consumer Loans		
- Loans to Individuals	\$2,367	5.0%
Total Gross Loans	\$46,956	100.0%

Source: 12/31/99 Call Report

As the above table indicates, residential real estate is the bank's primary form of credit activity. Loans secured by one-to-four family residential properties account for approximately 76.0 percent of all outstanding credit. Construction and land development is next with 10.1 percent, followed by commercial real estate with 5.7 percent.

Based on aggregate HMDA data for 1998, Lowell Co-operative Bank ranked 31st among all HMDA reporting lenders within its defined assessment area and held 0.8 percent of the market share. There were 311 HMDA reporting mortgage lenders active within the assessment area in 1998.

In 1998, the top five mortgage lenders within the bank's defined assessment area were: (1) Countrywide Home Loans; (2) Jeanne D'Arc Credit Union; (3) Republic Bancorp Mortgage Inc; (4) Fleet Mortgage Corporation; (5) Peoples Heritage Bank. These top five lenders held a 23.6 percent market share of all mortgage loan originations reported under the Home Mortgage Disclosure Act (HMDA). Of the institutions and mortgage originating entities ranked more favorably, only one similarly sized and situated area institution, Washington Savings Bank, was ranked higher.

The most recent Community Reinvestment Act (CRA) evaluation, performed by the Commonwealth of Massachusetts as of February 23, 1998 assigned a rating of "Satisfactory". The previous evaluation performed by the FDIC as of August 13, 1996 assigned a rating of "Satisfactory".

### **Description of Assessment Area**

The Community Reinvestment Act (CRA) requires financial institutions to define an assessment area within which the bank will focus its lending efforts. The Division of Banks evaluates the institution's CRA performance based on the defined assessment area. Generally, assessment area(s) are expected to consist of Metropolitan Statistical Areas (MSAs) or contiguous political subdivisions such as counties, cities and towns.

Lowell Co-operative Bank defines its assessment area as the City of Lowell, and the towns of Chelmsford and Dracut. This delineation places the bank's designated area within the Lowell Metropolitan Statistical Area (MSA).

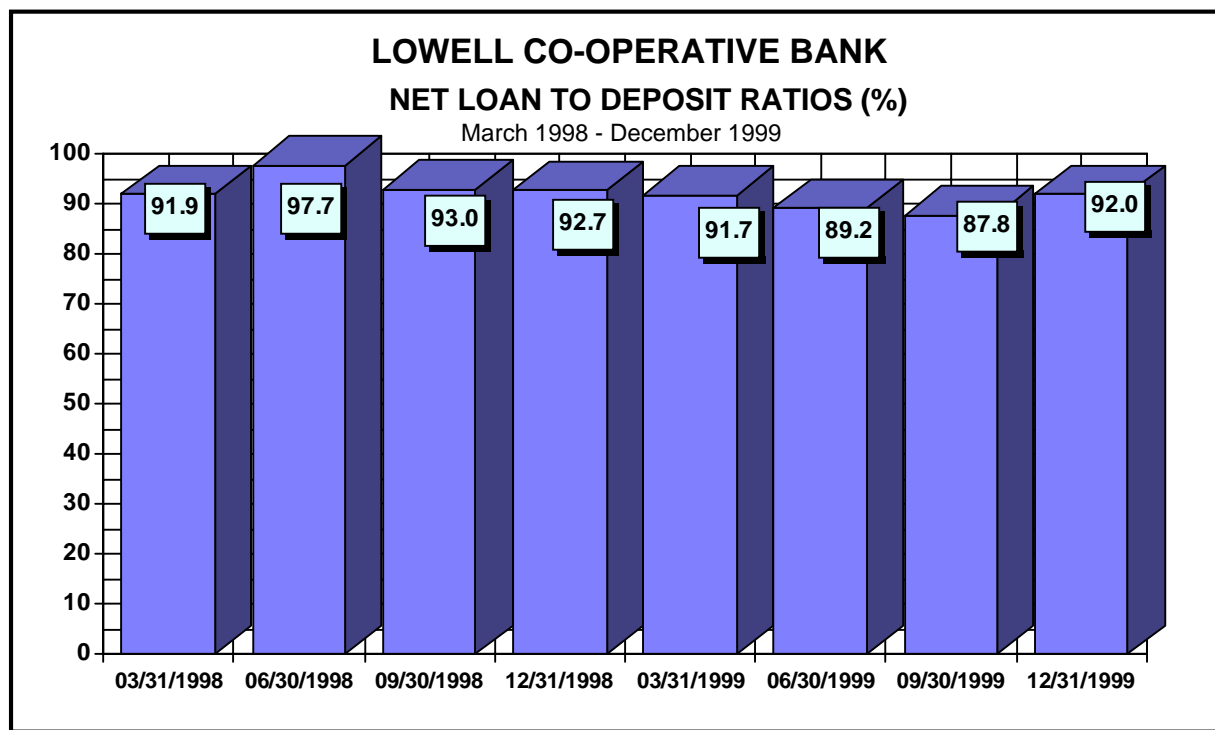
According to 1990 US Census Data, Lowell Co-operative Bank's assessment area has a total population of 161,408 individuals. The assessment area consists of 30 census tracts. Census tracts are defined as either low, moderate, middle or upper-income based on median Family Household Income (FHI) within the census tract. The Lowell MSA median Family Household Income (FHI) was \$59,200 for 1998 and \$61,800 for 1999. The census tract breakdown for Lowell Co-operative Bank is as follows: 5 or 16.7 percent designated as low-income, 13 or 43.3 percent designated as moderate-income, 10 or 33.3 percent as middle-income, and 2 or 6.7 percent as upper-income.

Housing stock within the assessment area consists primarily of one to four-family residential units (70.3 percent), of which a majority (51.8 percent) is owner-occupied. The median home value of the assessment area is \$134,313.

### **PERFORMANCE CRITERIA**

## 1. LOAN TO DEPOSIT ANALYSIS

Lowell Co-operative Bank's average net loan to deposit ratio was calculated by using the data reported in the previous eight quarterly FDIC Call Reports. This ratio is based on total loans net of unearned income and net of the allowance for loan and lease losses as a percentage of total deposits. The bank's average net loan-to-deposit ratio for the period of March 31, 1998 through December 31, 1999 is 92.0 percent. At the previous state examination on February 23, 1998, the average net loan to deposit ratio was 86.1 percent. The asset size of the institution has increased from \$52.5 million as of March 31, 1998 to \$58.1 million as of December 31, 1999, which represents a 10.8 percent increase. During this time, net loans increased approximately 9.9 percent, while deposits have increased approximately 9.7 percent. The following graph depicts the net loan to deposit ratio for each quarter under review.



The level and trend of this ratio continues to be high and upward. As previously indicated, the ratio stood at 86.1 percent as of the last examination period. There has been some fluctuation in the ratios over the previous eight quarters; however, the level remains above that of the previous examination period.

Not reflected in the average loan to deposit ratio is the volume of loans originated by the bank and subsequently sold to the secondary market. Lowell Co-operative Bank originated and sold 203 loans totaling \$29,684,890 from calendar years 1998 and 1999.

The following table compares the net loan-to-deposit ratio of two other similarly sized institutions in the assessment area. The ratios ranged from 92.0 percent to 71.9 percent for December 31, 1999. Lowell Co-operative Bank's net loan-to-deposit ratio of 92.0 percent compares favorably to these other institutions.

<b>Institution</b>	<b>Net loan to deposit ratio As of 12/31/99</b>
<b>Lowell Co-operative Bank</b>	<b>92.0%</b>
Washington Savings Bank	88.0%
Butler Bank	71.9%

The bank's net loan to deposit ratio is considered more than reasonable given the bank's size and the assessment area's credit needs and is considered to exceed the standard for satisfactory performance.

## **2. COMPARISON OF CREDIT EXTENDED INSIDE AND OUTSIDE OF THE ASSESSMENT AREA(S)**

Lowell Co-operative Bank's 1998 and 1999 Loan Application Registers (LARs) were reviewed to determine the amount of credit extended within the bank's delineated assessment area. During this period, the bank originated 223 HMDA-reportable loans totaling approximately \$23,841,000. Of these loans, 130 or 58.3 percent of the number, totaling \$13,214,000, or 55.4 percent of the dollar amount, were originated in the bank's assessment area.

By number, Lowell accounted for the largest number of originations with 35.9 percent, followed by Dracut with 12.5 percent and Chelmsford with 9.9 percent. Lowell also accounted for the largest dollar volume of originations with 32.4 percent, followed by Dracut with 13.0 percent and Chelmsford with 10.0 percent.

Refer to the following tables for additional information regarding the bank's HMDA-reportable lending, by both number and dollar amount.

### **HMDA-Reportable Loans by Number of Originations**

<b>Location</b>	<b>1998</b>		<b>1999</b>		<b>Totals</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Lowell	42	36.8	38	34.9	80	35.9
Dracut	17	14.9	11	10.1	28	12.5
Chelmsford	14	12.3	8	7.3	22	9.9
<b>Inside Assessment Area</b>	<b>73</b>	<b>64.0</b>	<b>57</b>	<b>52.3</b>	<b>130</b>	<b>58.3</b>
Outside Assessment Area	41	36.0	52	47.7	93	41.7
<b>Total</b>	<b>114</b>	<b>100.0</b>	<b>109</b>	<b>100.0</b>	<b>223</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/99

### **HMDA-Reportable Loans by Dollar Amount of Originations**

<b>Location</b>	<b>1998</b>		<b>1999</b>		<b>Totals</b>	
	<b>\$ (000)</b>	<b>%</b>	<b>\$ (000)</b>	<b>%</b>	<b>\$(000)</b>	<b>%</b>
Lowell	3,821	32.9	3,906	31.9	7,727	32.4

Dracut	1,774	15.3	1,319	10.8	3,093	13.0
Chelmsford	1,551	13.3	843	6.9	2,394	10.0
<b>Inside Assessment Area</b>	<b>7,146</b>	<b>61.5</b>	<b>6,068</b>	<b>49.6</b>	<b>13,214</b>	<b>55.4</b>
Outside Assessment Area	4,471	38.5	6,156	50.4	10,627	44.6
<b>Total</b>	<b>11,617</b>	<b>100.0</b>	<b>12,224</b>	<b>100.0</b>	<b>23,841</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/99

As indicated in the above tables, the majority (58.3 percent by number and 55.4 percent by dollar amount) of loans in 1998 and 1999, were originated inside the bank's assessment area.

Market statistical data for calendar year 1998 compiled by PCI Services, Inc. CRA Wiz indicated that Lowell Co-operative Bank ranked 31st in market share for HMDA-reportable originations and purchases throughout its assessment area. The bank's market share was 0.8 percent.

Based on the above analysis, it is evident that the bank originated the majority of its loans to borrowers within the assessment area. Therefore, the institution's level of lending within its assessment area is considered adequate and meets the standards for satisfactory performance.

### 3. DISTRIBUTION OF CREDIT AMONG DIFFERENT INCOME LEVELS

The bank's residential loans were analyzed to determine the distribution of lending by borrower income level. The borrowers' reported incomes were compared to the median family incomes for the Lowell Metropolitan Statistical Area (MSA) based upon the location of the properties which fall within the Lowell MSA. These income figures are \$59,200 for 1998 and \$61,800 for 1999 and are based on estimated Department of Housing and Urban Development (HUD) information.

Low-income is defined by the US Census Bureau as income below 50 percent of the median family income level for the MSA. Moderate-income is defined as income between 50 percent and 79 percent of the median family income level for the MSA. Middle-income is defined as income between 80 percent and 119 percent of the median income. Upper-income is defined as income equal to or greater than 120 percent of the median income.

The following tables show, by number and dollar amount, HMDA-reportable loans to low, moderate, middle and upper-income borrowers in comparison to the number of family households in the assessment area in each respective income group.

#### **Distribution of HMDA-Reportable Loans Within the Assessment Area to Borrowers of Different Income Levels By Number**

Borrower Income Level	Family Households		1998		1999		Total	
	#	%	#	%	#	%	#	%
< 50%	10,100	24.9	10	13.7	16	28.1	26	20.0
50 – 79%	7,861	19.3	22	30.1	11	19.3	33	25.4

80 – 119%	10,319	25.4	23	31.5	14	24.5	37	28.5
> = 120%	12,344	30.4	18	24.7	16	28.1	34	26.1
<b>Total</b>	<b>40,624</b>	<b>100.0</b>	<b>73</b>	<b>100.0%</b>	<b>57</b>	<b>100.0</b>	<b>130</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/99

**Distribution of HMDA-Reportable Loans Within the Assessment Area  
to Borrowers of Different Income Levels By Dollar Amount**

Borrower Income Level	Family Households		1998		1999		Total	
	#	%	\$ (000)	%	\$ (000)	%	\$ (000)	%
< 50%	10,100	24.9	689	9.6	1,285	21.2	1,974	15.0
50 - 79%	7,861	19.3	1,984	27.8	1,015	16.7	2,999	22.7
80 - 119%	10,319	25.4	2,382	33.3	1,587	26.2	3,969	30.0
> = 120%	12,344	30.4	2,091	29.3	2,181	35.9	4,272	32.3
<b>Total</b>	<b>40,624</b>	<b>100.0</b>	<b>7,146</b>	<b>100.0%</b>	<b>6,068</b>	<b>100.0</b>	<b>13,214</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/99

As shown in the above table, the bank extended 45.4 percent of its loans to low and moderate-income borrowers within the assessment area. The percentage of these loans is comparable to the 45.2 percent of low and moderate-income households within the assessment area.

In 1998 and 1999, the bank extended 26 loans to low-income borrowers representing 20.0 percent by number and 15.0 percent by dollar amount of the total loans for the assessment area. Additionally, the bank saw an increase in its lending to low-income borrowers by 37.5 percent from 1998 to 1999.

The bank extended 33 loans to moderate-income borrowers, representing 25.4 percent by number, as shown above. These loans represent 22.7 percent by dollar amount of the bank's total originations within its assessment area.

The distribution of the bank's loans among various borrower income levels may also be compared to that of all other HMDA-reportable lenders in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 1998 and is presented in the following table.

**Lending Within the Assessment Area to Borrowers of Different Income Levels  
Lowell Co-operative Bank Compared to All Other HMDA-Reporters**

Borrower Income Level	Number of Loans				Dollar Amount of Loans			
	Lowell Co-operative Bank		All Other Reporters		Lowell Co-operative Bank		All Other Reporters	
	#	%	#	%	\$(000)	%	\$(000)	%
< 50%	10	13.7	589	6.8	689	9.6	39,415	3.9
50 - 79%	22	30.1	1,716	19.8	1,984	27.8	142,235	14.2



80 - 119%	23	31.5	2,331	26.9	2,382	33.3	243,201	24.3
> = 120%	18	24.7	2,426	27.9	2,091	29.3	317,382	31.8
NA	0	0.0	1,617	18.6	0	0.0	257,587	25.8
<b>Total</b>	<b>73</b>	<b>100.0%</b>	<b>8,679</b>	<b>100.0%</b>	<b>7,146</b>	<b>100.0%</b>	<b>999,820</b>	<b>100.0%</b>

Source: HMDA Data for the period 1/1/98 to 12/31/98.

The distribution of the bank's residential loans to low-income borrowers exceeds that of all other HMDA-reporters within the assessment area. As shown above, the bank's percentage of lending to borrowers of low-income was 13.7 percent by number and 9.6 percent by dollar amount which exceeds that of the aggregate with 6.8 percent by number and 3.9 percent by dollar amount originated to low-income borrowers in the assessment area.

Lowell Co-operative Bank's HMDA-reportable loans within the assessment area, to moderate-income borrowers accounted for 30.1 percent by number and 27.8 percent by dollar amount. This percentage also exceeds that of the aggregate, which granted 19.8 percent of total loans by number and 14.2 percent by dollar amount to moderate-income borrowers.

In 1998, Lowell Co-operative Bank ranked 19th in lending to low and moderate-income borrowers within its assessment area. The bank originated 32 HMDA-reportable loans to borrowers in these income groups, capturing 1.4 percent of the market share.

The distribution of HMDA-reportable lending by borrower income in comparison to the aggregate demonstrates the bank's willingness to lend to borrowers of all income levels, particularly those of low and moderate-income. Therefore, the distribution of credit among different income levels exceeds the standards for satisfactory performance.

#### 4. GEOGRAPHIC DISTRIBUTION OF LOANS

The HMDA-reportable loans located within the bank's assessment area were further analyzed to determine their location by census tract income level. The assessment area is comprised of 30 census tracts: 5 or 16.7 percent are designated as low-income; 13 or 43.3 percent as moderate-income; 10 or 33.3 percent as middle-income; and 2 or 6.7 percent as upper-income.

The following table provides a breakdown, by number and dollar amount, of the bank's HMDA-reportable loans within its assessment area according to census tract income level. The table also shows the loans in comparison to the number of owner-occupied housing units in each of the census tract income categories.

##### Distribution of HMDA-Reportable Loans Within the Assessment Area by Census Tract Income Level

Census Tract Income Level	Owner-Occupied Properties		1998		1999-YTD		Total	
	#	%	#	%	#	%	#	%

Low	522	1.6	1	1.4	4	7.0	5	3.9
Moderate	6,640	20.9	10	13.7	12	21.0	22	16.9
Middle	17,220	54.2	44	60.3	36	63.2	80	61.5
Upper	7,407	23.3	18	24.6	5	8.8	23	17.7
<b>Total</b>	<b>31,789</b>	<b>100.0</b>	<b>73</b>	<b>100.0%</b>	<b>57</b>	<b>100.0</b>	<b>130</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/99

**Dollar Volume of HMDA-Reportable Loans Within the Assessment Area by  
Census Tract Income Level**

Census Tract Income Level	Owner-Occupied Properties		1998		1999-YTD		Total	
	#	%	\$ (000)	%	\$ (000)	%	\$ (000)	%
Low	522	1.6	78	1.1	509	8.4	587	4.5
Moderate	6,640	20.9	831	11.6	1,512	24.9	2,343	17.7
Middle	17,220	54.2	4,046	56.6	3,617	59.6	7,663	58.0
Upper	7,407	23.3	2,191	30.7	430	7.1	2,621	19.8
<b>Total</b>	<b>31,789</b>	<b>100.0</b>	<b>7,146</b>	<b>100.0%</b>	<b>6,068</b>	<b>100.0</b>	<b>13,214</b>	<b>100.0</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/99

As shown in the above table, the bank extended 20.8 percent of its loans within low and moderate-income census tracts.

In 1998 and 1999, 5 loans, representing 3.9 percent of the number of the bank's total loans within the assessment area, were within low-income census tracts. This represents 4.5 percent of the total dollar volume within the assessment area. The bank has increased its lending to low-income census tracts by number from 1.4 percent in 1998 to 7.0 percent in 1999.

Additionally, 22 loans or 16.9 percent were within moderate-income census tracts. The distribution by dollar amount to moderate-income census tracts was 17.7 percent. The bank has increased its lending to moderate-income census tracts by number from 13.7 percent in 1998 to 21.0 percent in 1999.

A comparative analysis of Lowell Co-operative Bank's lending performance by census tract income category was also conducted in comparison to all other HMDA-reportable lenders in the assessment area. Other HMDA-reporters include bank and non-bank entities such as large national banking companies, other local banks, credit unions and mortgage companies. The most recent data available for this analysis relates to calendar year 1998 and is presented in the following table.

**Lending Within the Assessment Area by Census Tract Income Level  
Lowell Co-operative Bank Compared to All Other HMDA Reporters**

Census Tract Income Level	Number of Loans		Dollar Amount of Loans	
	Lowell Co-operative Bank	All Other Reporters	Lowell Co-operative Bank	All Other Reporters

	#	%	#	%	\$(000)	%	\$(000)	%
Low	1	1.4	171	2.0	78	1.1	13,059	1.3
Moderate	10	13.7	1,468	16.9	831	11.6	117,220	11.7
Middle	44	60.3	4,757	54.8	4,046	56.6	534,643	53.5
Upper	18	24.6	2,283	26.3	2,191	30.7	334,898	33.5
<b>Total</b>	<b>73</b>	<b>100.0%</b>	<b>8,679</b>	<b>100.0%</b>	<b>7,146</b>	<b>100.0%</b>	<b>999,820</b>	<b>100.0%</b>

Source: HMDA/LAR Data for the period 1/1/98 to 12/31/98.

As shown above, both the bank and the aggregate originated a proportionate percentage of loans in low and moderate-income census tracts. Lowell Co-operative Bank's lending activity in those tracts was 15.1 percent by number and 12.7 percent by dollar amount, while the aggregate originated 18.9 percent by number and 13.0 percent by dollar amount.

In 1998, Lowell Co-operative Bank ranked 32<sup>th</sup> in market share for lending in low and moderate-income census tracts within its assessment area. The bank originated 15 HMDA-reportable loans in these census tracts, representing 0.9 percent of the market share.

Based upon the analysis of the geographic distribution of loans, Lowell Co-operative Bank's HMDA-reportable lending is considered to meet the standards for satisfactory performance.

## **5. REVIEW OF COMPLAINTS AND FAIR LENDING POLICIES AND PRACTICES**

Based upon the review of the bank's public comment file and its performance relative to fair lending policies and practices the institution meets the standards for satisfactory performance.

### ***REVIEW OF COMPLAINTS***

A thorough review of the public comment file revealed that the bank received no complaints pertaining to its CRA performance since the previous examination.

### ***FAIR LENDING POLICIES AND PRACTICES***

Lowell Co-operative Bank has established a Policy Statement on Discrimination in Lending that is incorporated into the bank's lending policy. It is the bank's policy to detect and eliminate discrimination in lending. Detailed below is the bank's fair lending performance as it relates to the guidelines established by Regulatory Bulletin 2.3-101, the Division's Community Reinvestment and Fair Lending Policy.

### **STAFF TRAINING**

The bank's officers and employees have attended seminars on Fair Lending Procedures. Employees attended a Fair Lending Forum held on August 12, 1998. This seminar covered

the Fair Housing Act, Equal Credit Opportunity Act (ECOA), HMDA and the Discrimination Process.

A Fair Lending Seminar was held on January 5, 1999 to discuss Discrimination in Lending. A Fair Lending Video Training Program was held on September 23, 1999. The film explained discrimination practices and Fair Lending issues. ECOA and HMDA were also discussed.

## **STAFF COMPOSITION AND COMPENSATION**

The bank has a staff of sixteen full-time employees. Among them two individuals speak English and Portuguese.

The bank employs one originator who is paid on a commission basis.

## **OUTREACH**

The bank's outreach program includes affiliation with various civic and nonprofit area organizations, such as Alternative House, Lowell House, Lion's Club, Salvation Army, House of Hope, Lowell Development and Financial Corporation, and Northeast Homebuilders Association of Massachusetts.

## **CREDIT PRODUCTS AND UNDERWRITING STANDARDS**

Lowell Co-operative Bank offers 3-year adjustable rate mortgages for First Time Homebuyers that feature relaxed debt to income ratios 33.0 percent to 40.0 percent.

## **MARKETING**

Lowell Co-operative Bank advertises in newspapers throughout its assessment area, including Cambodian News.

## **CREDIT EDUCATION**

Lowell Co-operative Bank has not sponsored or participated in any credit education seminars.

## **COUNSELING**

A customer who is experiencing credit difficulties is referred to the Collection Manager who determines the scope of the problem. The bank also sends the customer a Notice of Availability of Homeownership Counseling Services. This notice offers a telephone number for the HUD approved non-profit homeownership counseling organizations in the area.

## **SECOND REVIEW PRACTICES**

Denied applications are reviewed by the Executive Vice President to insure that the denials are justified. The final determination is then made as to whether an adverse action notice is to be sent or the application is approved.

## INTERNAL CONTROL PROCEDURES

The Compliance Officer and Executive Vice President review a random sample of all loan types periodically throughout the year.

## MINORITY APPLICATION FLOW

A review of residential loan applications was conducted in order to determine the number of applications the bank received from minorities. In 1998 and 1999, the bank received 139 residential loan applications from within its assessment area. During this period, 4 applications or 2.9 percent, were received from minorities. Refer to the following table for further details.

### APPLICATION FLOW

Race	1998		1999		Total	
	#	%	#	%	#	%
American Indian	0	0.0	0	0.0	0	0.0
Asian	0	0.0	1	1.6	1	0.7
Black	0	0.0	0	0.0	0	0.0
Hispanic	0	0.0	0	0.0	0	0.0
Joint Race	1	1.3	2	3.3	3	2.2
Other	0	0.0	0	0.0	0	0.0
<b>Total Minority</b>	<b>1</b>	<b>1.3</b>	<b>3</b>	<b>4.9</b>	<b>4</b>	<b>2.9</b>
White	77	98.7	58	95.1	135	97.1
<b>Total</b>	<b>78</b>	<b>100.0</b>	<b>61</b>	<b>100.0</b>	<b>139</b>	<b>100.0</b>

According to 1990 Census Data, the bank's assessment area contained a total population of 161,408 individuals of which 16.0 percent are minorities. The minority population is 0.1 percent American Indian, 7.8 percent Asian, 1.3 percent Black, 6.6 percent Hispanic and 0.2 percent other.

The bank's minority application flow for this period was compared with the racial make-up of the assessment area and 1998 aggregate data for all other HMDA reporters within the assessment area. Aggregate information indicated that, of the 11,444 HMDA-reportable applications received from other banks within the assessment area in 1998, 9.8 percent were from minorities: 0.2 percent from American Indians, 4.2 percent from Asians, 0.8 percent from Blacks, 1.7 percent from Hispanics, 1.1 percent from Joint Race and 1.8 percent from Other Minorities. The bank's performance level was well below that of the aggregate.



# THE COMMONWEALTH OF MASSACHUSETTS

To the COMMISSIONER OF BANKS:

THIS IS TO CERTIFY, that the report of examination of the

## LOWELL CO-OPERATIVE BANK

for compliance with applicable consumer and fair lending rules and regulations and the Community Reinvestment Act (CRA), as of the close of business **April 7, 2000**, has been read to or by the undersigned and the matters referred to therein will have our immediate attention.

_____	_____
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_____	_____

A majority of the Board of Directors/Trustees

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 20 \_\_\_\_\_

# PERFORMANCE EVALUATION DISCLOSURE GUIDE

Massachusetts General Laws Chapter 167, Section 14, as amended, and the Uniform Interagency Community Reinvestment Act (CRA) Guidelines for Disclosure of Written Evaluations require all financial institutions to take the following actions within 30 business days of receipt of the CRA evaluation of their institution:

- 1) Make its most current CRA performance evaluation available to the public;
- 2) At a minimum, place the evaluation in the institution's CRA public file located at the head office and at a designated office in each local community;
- 3) Add the following language to the institution's required CRA public notice that is posted in each depository facility:

"You may obtain the public section of our most recent CRA Performance Evaluation, which was prepared by the Massachusetts Division of Banks, at (Address at main office)."

[Please Note: If the institution has more than one local community, each office (other than off-premises electronic deposit facilities) in that community shall also include the address of the designated office for that community.]

- 4) Provide a copy of its current evaluation to the public, upon request. In connection with this, the institution is authorized to charge a fee, which does not exceed the cost of reproduction, and mailing (if applicable).

The format and content of the institution's evaluation, as prepared by its supervisory agency may not be altered or abridged in any manner. The institution is encouraged to include its response to the evaluation in its CRA public file.